UNIVERSITY OF MISSOURI
Extension

County Accounting Manual

Transfer Funds

A transfer is a movement of money from one funding source to another funding source. There are three types of Transfers:
1. Transfer money from Checking to Savings account (or from Savings to Checking Account).
2. Transfer all or portion of a balance from one Class to another Class.
3. Transfer Expense or Income from one Class to another Class.

NEW: To assign a class code to an existing bank account. Review section, Assign Class Code to Existing Savings Bank Account.

Before you create Transfer Transactions

- Determine if there is sufficient money in the appropriate funding source from which you are transferring money.
- Approval is required from the County Program Director and/or Extension Council in accordance with Council's guidelines. **Request for Transfer form must be signed and filed with Council's financial records.**

Use the appropriate Registers to create your transfer transactions: **Check Register** or **Savings Register**.

Important Notes:
A. Do **not** use QuickBooks' Bank Transfer option. This option does not allow for class tracking.
B. All Transfers require **two transactions**!
C. For the two transactions, the **revenue or expense account number must be the same**. The effect will offset the amounts to zero.
D. All revenue and expense transactions for all Funding Sources (Classes and SubClasses) must have a class code assigned. It is recommended that Savings and Investment revenue and expense transactions, including opening balances, be assigned a class code, i.e. Class 4xxx.
D If you want savings and investments balances to be excluded on the Funds Class Balance Report, modify the report's Class filter and uncheck the appropriate 4xxx class codes.
E. Placing a checkmark in the checkmark column in the Register within the Transfer Transaction records prevents the transactions from appearing in the Bank Reconcile Screen.
F*.* Some CPDs use the account **1610-Funds-Reallocation** instead of the 1600-Balance Transfer account to show a reallocation (or transfer) of money from one class to another class(es). Create a new account for 1610, if you wish to use this account.
G. It is recommended that the use of account 8500-Purchase of Investments be discontinued when transferring money from checking to a new savings bank account. Instead, use 1600-Balance Transfer or 1610-Fund Reallocation. Note: Transactions posted to account 8500 and included in the revenue and expense report inflate the council's total year-to-date expenses.

If you are transferring from Checking to an Existing Savings Account, then...

∗ If you are writing a check from Checking to be deposited to Savings, then..

> See section, "*Move Money from Checking Account - Write a Check*."
> Then go to section *"Create the Second Transaction (where the money is going)*

∗ If you are moving money as a Direct Deposit from Checking to Savings..
- Under the **Chart of Accounts**, double-click on the **0050-Checking account** to open the checking register.
- Enter the **date** of the transfer.
- In the Check # field, enter DD (for direct deposit)
- In the **Payment** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **1600 Balance Transfer** or **1610-Funds Reallocation** account. Note. In the 2nd transaction, **use the same account number**.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen
- Enter the **class code** from which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.
- Go to section, **"*Create the Second Transaction (where the money is going)*."**

| 11/01/2000 | DD | Payee | | 200.00 | | ✓ | Deposit | | |
| | CHK | 1600 · Balance Transfers | Transfer from Checking Class 334... | | | | | | |

Account		Amount	Memo	Customer:Job		Billa...	Class	
1600 · Balance Transfers	▼	200.00	Transfer from Checking Class 3340 to Savings Class 4000		▼		3340-Soybea	▼

Create the Second Transaction (where the money is going)
- Under the **Chart of Accounts**, double-click on the appropriate **Savings account** to open the savings register.
- Enter the **date** of the transfer.
- In the **Deposit** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **1600-Balance Transfer** or **1610-Fund Reallocation** account. Note: use the **same account number** used in the 1st transaction
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen.
- Enter the class code to which you are transferring the money. i.e. class 4xxx
- Click **RECORD button** at lower right of Register screen.

| 11/01/2000 | Number | Payee | | Payment | | ✓ | 200.00 | | |
| | DEP | 1600 · Balance Transfers | Transferred from Checking Class 33... | | | | | | |

Account		Amount	Memo	Customer:Job		Billa...	Class	
1600 · Balance Transfers	▼	200.00	Transferred from Checking Class 3340 to Savings Class 4000		▼		4000-Desig.	

If you are transferring Money **from Checking to a <u>New</u> Savings** Account, then...

Set Up new Savings Accounts
Open the **Chart of Accounts (**List, Chart of Accounts**)**
* **Edit one of the existing unused savings bank accounts**:
  ▪ Highlight 0051 or 0052
  ▪ Click the **Account button** at lower left corner of screen
  ▪ Click **Edit**
  ▪ Change the **Name** field to describe the type of Savings Account
  ▪ Enter **bank account number** (optional)
  ▪ Click **OK**.

  -or-

* **Create a new Bank Savings Account**:
  ▪ Click the **Account button** at lower left corner of screen
  ▪ Click **New**
  ▪ Select **Bank**.
  ▪ Select **Continue**.
  ▪ Enter the **next bank account chart of accounts number**, i.e. 0053, if 0051 and 0052 are already in use.
  ▪ Describe the type of Savings account in the **Name** field
  ▪ Enter **bank account number** (optional)
  ▪ **Do NOT enter the Opening Balance** in this screen!!! (No place to identify 1600-balance account or the class code)
  ▪ Click **Save and Close.**

Move the Money **from Checking Account - Direct Bank Transfer**
• Under the **Chart of Accounts**, double-click on the **0050-Checking account** to open the checking register.
• Enter the **date** of the transfer.
• In the **check # field**, enter DD for direct deposit.
• In the **Payment** field, enter the transfer amount.
• Place a ✓ in the checkmark column.
• In the **Account** field, select **1600-Balance Transfer or 1610-Fund Reallocation revenue** account. Note: use the same account number for the 2nd transaction.
• In the **Memo** field, describe your action, i.e. "purchase money market".
• Click the **Splits button** at lower left of Register screen to open the splits screen
• Enter the **class code**(s) from which you are transferring the money.
• Click RECORD button at lower right of Register screen.
• Go to section, "**Create the Second Transaction (Where the Money is going)**"

-or-

Move Money from Checking Account - Write a Check

- Select **Banking** from the menu bar.
- Select **Write Checks**
- Enter **Date**
- Select appropriate **Bank Name** from the Vendor pull down list in the "Pay to the Order of" field.
- **"To be Printed"** should be checked. ✓
- Fill in **Memo** field, as needed.
- Select **1600-Balance Transfer or 1610-Fund Re-Allocation** in the Account field.
  Note: use the **same account number** in the 2nd transaction.
- Enter the **Amount** of the Transfer.
- Fill in **second Memo** field.
- Enter a **Class** Code
- Click **Save and Close**
- Go to **File, Print forms, Checks** to print the Check.
- Go to section, **"Create the Second Transaction (where the money is going)"**

				No. To Print		
				Date 12/01/2010 🔲		
Pay to the Order of	Frontier Bank	▼		$ 5,000.00		

Five thousand and 00/100* Dollars

Address	Frontier Bank 123 This Street OverHere, MO				Order Checks

Memo _____

Expenses	$5,000.00	Items	$0.00	☐ Online Payment	☑ To be printed			
Account	Amount	Memo				Customer:Job	Billa...	Class
1610 · Funds R... ▼	5,000.00	Open new Savings Account. From Checking Class 3400 to Savings Class 4100				▼		3400...

Create the Second Transaction (where the money is going)

- Under the **Chart of Accounts**, double-click on the appropriate **Savings account** to open the savings register.
- Enter the **date** of the transfer.
- In the **Deposit** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **1600 Balance Transfer or 1610-Fund Re-Allocation** account.
  Note: use **same account number** as in the 1st transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen.
- Enter the **class** code to which you are transferring the money. i.e. class 4xxx
- Click **RECORD button** at lower right of Register screen.

12/01/2010 🔲	Number	Payee		Payment	✓	5,000.00	
	DEP	-split-	Transfer from checking Class 3400...				

Account	Amount	Memo		Customer:Job	Billa...	Class
1610 · Funds Reallocation	5,000.00	Transfer from Checking Class 3400 to Savings Class 4100				4100-Money ...

Council opens a new Checking Bank Account

Due to the challenging nature of this transfer, consult with the QuickBooks Administrator.

When a new checking bank account is opened and the existing checking bank account will be closed, consider the following tasks.

1. The new bank account and transfer must be approved by Council and included in Council Minutes.
2. For the new bank account, signature cards must be signed by council officers.
3. Review the current checking register balance in QuickBooks.
4. Leave sufficient balance in the existing checking bank account to accommodate the remaining outstanding checks or deposits that have not cleared the bank.
5. With approval of council and county program director, determine the amount of the **initial** money to transfer to the new bank account.
6. **Print the Funds Class Balance Report** as of the **date prior** to the transfer transactions. Determine the class balance for Class 2000 and note the total Report balance.
   (NOTE: after the 2 transfer transactions are completed, the 2000 Class balance and the total Report balance should be the same as the balance before the transfers.)

Create New Bank Checking Account

In QuickBooks, create the new bank account in the chart of accounts.

- From the menu bar, select **Lists**.
- Select **Chart of Accounts**.
- At lower left corner of Chart of Accounts, select the **Account** button.
- Select **New.**
- Select **Bank**.
- Select **Continue**.
- In the **Number** field, enter the next available bank account number.
- In the **Account** Name, enter the appropriate bank name plus the word, checking.
- The remaining fields are left blank.
- Select **Save** and close.
- The new bank account will be listed under the chart of accounts.

Transfer Transactions

Create two transactions: a check-type transaction in the current checking register, and a deposit-type transaction in the new bank checking register.   These transactions will transfer the specified amount from the current checking register to the new bank checking register.

Use one class code for both transactions so the net effect will be zero. (This is an exception to most transfers because the amount is not being transferred from one class to another class.)

Open the Write Checks Screen – First Transfer Transaction (Banking, Write Checks)

- Assign a **check number**.
- Enter **date** of the transfer.
- Enter New Bank **name**.
- In Payment field, enter **amount** of transfer.
- In the **Account** field, select **1600-Balance Transfer.**
- In **Memo** field, explain the purpose of the transfer.
- Enter **2000** as the class code.
- **Save** and close.

When ready, **Print check**.

Open the New Bank Account Checking Register-Second Transfer Transaction

- A **deposit slip** is needed when the amount is deposited in the New Bank account.
- On menu bar at top left of QuickBooks screen, select **Lists**, Select **Chart of Accounts**.
- Double-click on the New Bank Account.
- Enter the **same date** that was entered in the First Transfer transaction.
- In the **deposit** field, enter the **same amount of transfer** as recorded in First Transfer transaction.
- In the **Account** field, select **1600-Balance Transfer.**
- In **Memo** field, enter **Opening Balance plus explain** the purpose of the transfer.
- Enter **2000** as the class code.
- **Select Record button,** lower right corner of screen**.**

7. **Print the Funds Class Balance Report again.** The 2000 Class balance and the total Report balance should be the same as the balance before the transfers.
8. **Verify that the transfer transactions were created**.
   a. In the Funds Class Balance Report, double click on Class 2000 balance. A Detail transaction report displays.
   b. Scroll down to bottom of report to see the two transfer transactions.
   c. Adjust column width in report, where necessary.
   d. Print last page or use snipping tool to capture and print the transfer transactions.
   e. County Program Director and/or Council Officer should review and sign and date the detail report.

Transfer Remaining Balance from Old Bank Account register
9. When all outstanding checks and deposits have cleared the old bank account, review the Bank statement balance (or call Bank for current balance). **Compare the Bank statement balance with the existing balance for the old checking account register**.
10. Transfer the remaining amount in the old checking account to the New Bank Account.
    a. Repeat the above two sections, **Open the Write Checks Screen – First Transfer Transaction** and **Open the New Bank Account Checking Register-Second Transfer Transaction.**
11. The old Checking account register now should have a **zero** balance. The New Bank account register receives the remaining balance.
12. **Print the Funds Class Balance Report again.** The 2000 Class balance and the total Report balance should be the same as the balance before the final two transfer transactions.
13. **Verify that the transfer transactions were created**.
    a. In the Funds Class Balance Report, double click on Class 2000 balance. A Detail transaction report displays.
    b. Scroll down to bottom of report to see the two transfer transactions.
    c. Adjust column width in report, where necessary.
    d. Print last page or use snipping tool to capture and print the transfer transactions.
    e. County Program Director and/or Council Officer should review and sign and date the detail report.

Transferring Class Balances

If you have Class balances for Short courses, grants, etc., that will **not** continue into the new year, you may want to *close these Classes* by creating a **Reduction of Revenue** transaction (1600-Balance Transfer or 1610-Fund Re-Allocation) in the **Class to be closed** and a **Revenue** transaction (1600-Balance Transfer or 1610-Fund Reallocation) in the **Class which will receive the positive balance.**
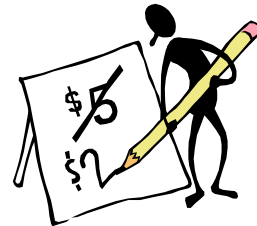
The same account number must be used in both transactions.

Example: Transfer balance of $500.00 from Class 3100 to Class 2000.

If you are transferring a Balance from one Funding source (Class) to another Funding Source (Class) within Checking, then…

Determine that you have sufficient money in the Class from which you will transfer.

- Open the checking register. (Banking, Use Register)
- Enter the **date** of the transfer.
- In the **Payment** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **1600 Balance Transfer** or **1610-Fund Re-Allocation** account.
  Note: the **same account number** must be used in the 2nd transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left corner of Register screen to open the splits screen
- Enter the **class code** from which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/15/2000 ▦	Number	Payee		▼	500.00	✓	Deposit	
	CHK	1600 · Balance Transfers	Transfer from Class 3100 to 2000					

Account		Amount	Memo	Customer:Job	⊞	Class		
1600 · Balance Transfers	▼	500.00	Transfer from Class 3100 to		▼	3000-Education	▼	▲

Create the Second Transaction (where the money is going)

- Enter the **date** of the transfer.
- In the **Deposit** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **1600 Balance Transfer** or **1610-Fund Re-Allocation** account.
  Note: use the **same account number** as in the 1st transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen
- Enter the **class code** to which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/15/2000	Number	Payee			Payment	✓	500.00	
	DEP	1600 · Balance Transfers	Transfer from Class 3100 to 2000					

Account	Amount	Memo	Customer:Job		Class
1600 · Balance Transfers	500.00	Transfer from Class 3100 to			2000-Center Op

Indicate in Memo fields of both records the Classes that you transferred to/from.

Adjusting Negative Class Balances

If you need to close out a Class with a **Negative** balance, then create a **Reduction of Income** transaction (use appropriate revenue account, i.e. 0100, etc) in the **Class from which you will transfer the money** to offset the deficit and create an **Income** transaction in the **Class with the negative balance**.

Indicate in the Description of each transaction record that this is a **Transfer to offset deficit balance in Class ####** where #### is the Class, or type a similar statement.

You have **Two Options**:

Transfer earned Income
Transfer Class Balance.

Option 1 - Transfer Income earned in one Class to a Class with negative balance.

Example: Transfer $200 from Class 3350 to Class 2000 to offset
operating costs not covered by County appropriations. Class 2000 has a negative cash balance of $200.   You must have at least $200 in cash in Class 3350! This example shows what type of income (0100 - student fees) was used to offset the negative balance.

If you are transferring Income from one Class (fund) to another Class (fund) within Checking, then…

Determine that you have sufficient year-to-date money recorded in the income account and in the Class balance from which you will transfer. This means earlier deposits were made in the income account.

- ★ Open the Checking register. (Banking, Use Register)
  - Enter the **date** of the transfer.
  - In the **Payment** field, enter the transfer amount.
  - Place a ✓ in the checkmark column.

- In the **Account** field, select the appropriate Income account.
  Note: use the **same account number** in the 2nd transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen.
- Enter the **class code** from which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/20/2000	Number	Payee			100.00	✓	Deposit
	CHK	0100 · Student Fees:	Transfer 3350 fees to 20				

Account	Amount	Memo	Customer:Job	⊞	Class
0100 · Student Fees:01 ▼	100.00	Transfer 3350 fees to		▼	3350 - Wat ▼

This transaction will <mark>decrease</mark> the income in the specified income account.

Create the Second Transaction (where the money is going)
- Enter the **date** of the transfer.
- In the **Deposit** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **same Income** account as you did for the first transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen
- Enter the **class code** to which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/20/2000	Number	Payee		Payment	✓	100.00
	DEP	0100 · Student Fees: 01:	Transfer 3350 fees to 20			

Account	Amount	Memo	Customer:Job	⊞	Class
0100 · Student Fees:0 ▼	100.00	Transfer 3350 fees to		▼	2000-Cente ▼

This transaction will <mark>increase</mark> the income in the specified income account.

Indicate in Memo fields of both records the Classes that you transferred to/from.

Option 2 - **Transfer part of the positive cash balance in one Class to a Class with negative balance.**

See above section "*Transferring Class Balances*"

Transfer Expense

If you are transferring Expense from one Class (fund) to another Class (fund) within Checking, then…
Determine that you have sufficient year-to-date money recorded in the expense account and Class from which you will transfer. This means earlier payments were made in the expense account.
- Open the checking register. (Banking, Use Register)
- Enter the **date** of the transfer.
- In the **Deposit** field, enter the transfer amount.
- Place a ✓ in the checkmark column.

- In the **Account** field, select the appropriate **expense** account.
  Note: use the **same expense account** in the 2nd transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen.
- Enter the **class code** from which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/22/2000	Number	Payee			▼	Payment	✓	300.00
	CHK	5100 · Supplies/Services	Transfer supplies to 3360					

Account		Amount	Memo	Customer:Job		Class
5100 · Supplies/Services	▼	300.00	Transfer supplies to 3360		▼	1000 - County A ▼

This transaction will <mark>reduce</mark> the expense in the specified expense account.

Create the Second Transaction (where the money is going)

- Enter the **date** of the transfer.
- In the **Payment** field, enter the transfer amount.
- Place a ✓ in the checkmark column.
- In the **Account** field, select the **same expense** account as you did for the first transaction.
- In the **Memo** field, describe what you are transferring.
- Click the **Splits button** at lower left of Register screen to open the splits screen
- Enter the **class code** to which you are transferring the money.
- Click **RECORD button** at lower right of Register screen.

11/22/2000	Number	Payee		▼	300.00	✓	Deposit
	CHK	5100 · Supplies/Service	Trans.supply 1000 to 33				

Account	Amount	Memo	Customer:Job		Class
5100 · Supplies/Servic ▼	300.00	Trans.supply 1000 to		▼	3360 - Sum ▼

This transaction will <mark>increase</mark> the expense in the specified expense account.

Please read following information !!!!

Adjust Report Filter when new Asset Account is created
When a new bank account is created in QuickBooks, the software will place a checkmark for the new bank account in certain reports.   When this occurs, the positive amounts will become negative amounts!   To correct this, perform the following report filter change.

In the **Unclassified Transaction Report**,
- Open the Unclassified Transactions Report
- Select Modify Report button
- Select Filters tab
- Select the down arrow for Accounts
- Select Multiple Account, highlighted in black
- **Uncheck the new savings bank account(s)** to remove it from the Account filter.
- The **old savings bank accounts should be checked** because the transactions orginally were not assigned a class code.
- Memorize and Replace the report to save the filter change.

In the Funds Class Balance Report,

- Open the Funds Class Balance Report
- Select Modify Report button
- Select Filters tab
- Select the down arrow for Accounts
- Select Multiple Account, highlighted in black
- **Uncheck the new savings bank account(s)** to remove it from the Account filter.
- Memorize and Replace the report to save the filter change.